

March 24, 2022

The Honorable Kumar P. Barve
Environment & Transportation Committee
House Office Building, Room 251,
6 Bladen St., Annapolis, MD, 21401

RE: Support with Amendment SB 528 - Climate Solutions Now Act of 2022

Dear Chairman Barve:

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion surrounding **SB 528 – Climate Solutions Now Act of 2022**. MBIA **Supports** the Act with amendments.

This bill would create new state-wide greenhouse gas emissions goals and create a strategy for achieving those goals. MBIA supports measures that strengthens our environment and laud the intent of this legislation. However, there are some provisions that may have unintended consequences that MBIA would like to see addressed.

Currently the bill explicitly allows local jurisdictions to move forward with all-electric building codes before the Public Service Commission develops a utility transition plan. Transitioning to an all-electric code will require additional infrastructure “to accommodate the additional load.” That infrastructure is not yet in place and this bill could potentially create a series of uncoordinated local standards that place an unsustainable strain on our energy grid. As we move closer to an all electric grid, it must be a coordinated process. The bill requires the PSC to “determine whether the electric grid throughout the State is capable of accommodating the additional load of building electrification.” Which means that the threat to the grid is recognized in the legislation. MBIA requests that the bill be amended to prevent local jurisdictions from putting these standards in place until after the PSC has completed its utility transition plan.

One important protection in Maryland’s existing Greenhouse Gas Reduction Act is a requirement that Maryland efforts must pass a cost effectiveness test that assures a net economic benefit and no net reduction in Maryland jobs. Those provisions are designed to assure that the economy as a whole is spared the worst disruptions that come from the transition to greener energy. This strategy was proven to be successful when Maryland achieved its 2020 targets with little impact on the state economy. The cost effectiveness test made certain that the economic impact of the new requirements was contained and relatively undisruptive.

SB 528 alters this test to say that the cost of new proposals must be compared to “no action.” This language is unclear and removes the successful and already proven cost effectiveness test and replaces it with a nebulous test of uncertain value. If no action is defined as action *by the State of Maryland*, then the language does not change the current practice. If this means to call for no action *by the World*, then it sets a new standard which will be impossible to meet. If the test compares the damage that could result from the actions taken by other countries that are entirely outside the political control of the state then to offset those actions the entire state energy grid shutting off completely would not be able to meet the standard. The language should either be eliminated or clarified.

Other concerns include the fact that the alternative compliance fee is based on the social cost of carbon. This fee can vary based on the Environmental Protection Agency. We propose that this fee be set (and adjusted) by the General Assembly. Lastly, there is no statewide organization that represents building owners on the task force.

We have many concerns about the consequences of such broad legislation. See attached for our proposed amendments. For these reasons, MBIA respectfully requests the Committee give this measure an favorable report with these amendments. Thank you for your consideration. For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the House Environment & Transportation Committee

Amendment on Local Building Codes

On page 64, line 25, after DEPARTMENT, insert:

AND THE PUBLIC SERVICE COMMISSION HAS DETERMINED THAT THE MORE STRINGENT STANDARDS ARE CONSISTENT WITH INFRASTRUCTURE PLANS DEVELOPED BY THE COMMISSION TO ACCOMMODATE THE ADDITIONAL LOAD OF BUILDING DECOMMISSIONING

In context:

(E) (1) A COUNTY MAY DEVELOP AND ADOPT LOCAL BUILDING ENERGY PERFORMANCE STANDARDS THAT ARE AT LEAST AS STRINGENT AS THE STANDARDS DEVELOPED BY THE DEPARTMENT, IF THE COUNTY'S STANDARDS ARE APPROVED BY THE DEPARTMENT AND THE PUBLIC SERVICE COMMISSION HAS DETERMINED THAT THE MORE STRINGENT STANDARDS ARE CONSISTENT WITH INFRASTRUCTURE PLANS DEVELOPED BY THE COMMISSION TO ACCOMMODATE THE ADDITIONAL LOAD OF BUILDING DECOMMISSIONING.

Amendment to add Task Force Members

Adds Representative from Statewide Building Owner's Associations to the Task Force studying Financial Incentives for Building Owners.

On page 68, after line 30, insert:

“(XII) ONE REPRESENTATIVE OF A STATEWIDE MULTIFAMILY BUILDING ASSOCIATION;
(XIII) ONE REPRESENTATIVE OF A STATEWIDE COMMERCIAL OR INDUSTRIAL BUILDING ASSOCIATION;”

Amendment on Consideration for Task Force Incentives

On page 69, after line 15, insert:

“(III) CONSIDER THE RECOMMENDATION OF THE MARYLAND CLIMATE CHANGE COMMISSION THAT FINANCIAL INCENTIVES BE SCALED TO ASSURE THAT THE COST OF ENERGY PERFORMANCE IMPROVEMENTS WOULD BE RECOUPED IN NOT MORE THAN SEVEN YEARS”

In context:

(F) (1) THE TASK FORCE SHALL:

(I) STUDY AND MAKE RECOMMENDATIONS REGARDING THE DEVELOPMENT OF COMPLEMENTARY PROGRAMS, POLICIES, AND INCENTIVES AIMED AT REDUCING GREENHOUSE GAS EMISSIONS FROM THE BUILDING SECTOR IN ACCORDANCE WITH THIS SUBTITLE; ~~AND~~

(II) MAKE RECOMMENDATIONS ON TARGETING INCENTIVES TO ELECTRIFICATION PROJECTS THAT WOULD NOT OTHERWISE RESULT IN STRONG RETURNS ON INVESTMENT FOR BUILDING OWNERS; AND

(III) CONSIDER THE RECOMMENDATION OF THE MARYLAND CLIMATE CHANGE COMMISSION THAT FINANCIAL INCENTIVES BE SCALED TO ASSURE THAT THE COST OF ENERGY PERFORMANCE IMPROVEMENTS WOULD BE RECOUPED IN NOT MORE THAN SEVEN YEARS;
AND

(IV) DEVELOP A PLAN FOR FUNDING THE RETROFIT OF COVERED BUILDINGS TO COMPLY WITH BUILDING EMISSIONS STANDARDS.

Amendment on Social Cost of Carbon

On page 64, line 17, strike “IS LESS THAN THE SOCIAL COST OF GREENHOUSES GASES ADOPTED BY THE DEPARTMENT OR THE U.S. ENVIRONMENTAL PROTECTION AGENCY.”

And insert “FIFTY-ONE DOLLARS PER METRIC TON OF GREENHOUSE GAS EMITTED.”

In context:

(3) THE DEPARTMENT MAY NOT SET AN ALTERNATIVE COMPLIANCE FEE THAT ~~IS LESS THAN THE SOCIAL COST OF GREENHOUSE GASES ADOPTED BY THE DEPARTMENT OR THE U.S. ENVIRONMENTAL PROTECTION AGENCY.~~ FIFTY-ONE DOLLARS PER METRIC TON OF GREENHOUSE GAS EMITTED .

Amendment on MDE Regulations

On page 66, after line 15; insert:

(V) ASSURE THAT BUILDING RETROFITS REQUIRED BY THE REGULATIONS ARE TECHNICALLY FEASIBLE, COMMERCIALY AVAILABLE, AND COST-EFFECTIVE FOR OWNERS AND OCCUPANTS AFTER CONSIDERING FINANCIAL INCENTIVES;